



A SCHEDULE VER. 6.1

Mamusa Local Municipality Draft Budget 2017/18 2019/20 MTREF

1.1 Mayor's Report

Purpose and Background

Section 16(2) of the Municipal Finance Management Act deals with annual budgets. In terms of this section, the mayor must table the annual budget in council at least 90 days before start of the new budget year.

According to section 17 of the Municipal Finance Management Act, (Act 56 of 2003) and Municipal Budget Reporting Regulation (MBRR), the 2017/18 draft annual budget must include the following information:

- Budget related policies that were amended
- Budgeted Financial Performance (revenue and expenditure by standard classification)
- Budgeted Financial Performance (revenue and expenditure by municipal vote) ;
- Budgeted Financial Performance (revenue by source and expenditure by type); and
- Single-year capital appropriations by municipal vote and standard classification and associated funding by source.
- Budgeted Financial Position;
- Budgeted Cash Flows;
- Cash backed reserves and accumulated surplus reconciliation;
- Asset management; and
- Basic service delivery measurement.

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings needs be implemented on telephone and internet usage, printing, workshops, local travel, accommodation, overtimes, fuel, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various

customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

Though an IDP is a five year strategic document of council, municipalities should note that when a new council takes office after each local government election, the norm has been that the first year of such a new council is primarily confined to implementing the last adopted IDP. Subsequent to this, it is normally in the second year of the new council where the newly elected council will adopt its new and thoroughly interrogated and consulted IDP. This process mostly leads to an overlap of the last year of outgoing council into the new council. It is each municipal council's prerogative to decide when to approve its annual budget.

National Treasury's MFMA Circular No. 84 and 85 were used to guide the compilation of the 2017/18 MTREF.

National Treasury's MFMA Circular No. 78 and 82 were used during the draft budget with regard to cost containment and avoid commitment to long term contracts.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity, which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2017/18 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 MTREF

NW393 Mamusa - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Revenue By Source</u>											
Total Revenue (excluding capital transfers and contributions)		114 113	85 601	-	-	-	-	-	138 827	145 298	153 726
<u>Expenditure By Type</u>											
Total Expenditure		138 028	109 373	-	-	-	-	-	159 287	160 208	169 500
Surplus/(Deficit)		(23 915)	(23 773)	-	-	-	-	-	(20 460)	(14 909)	(15 774)

Operating Revenue

The Operating Revenue Budget of Council increased by R4 million to R139 million as compared with the 2016/17 adjusted budget.

Main items are:

- Electricity revenue of R34 m
- Refuse revenue of R7.7 m
- Sanitation revenue of R7.2 m
- Water sales of R8.6 m
- Government grants of R47.5 m

Operating Expenditure

The operating expenditure budget decreased by R7 million to R159 million when compared 2016/17 adjustment budget.

Main items are:

- Employee related cost of R52 m
- Councillor remuneration of R5.9 m
- Bulk purchases of R27.5 m
- Repairs and maintenance of R6 m
- Contracted Services of R20.5 m
- Other expenditure of R10 m

Deficit

The budgeted deficit decreased by R11 million from R31.5 m (2016/17) to R20.4 in the 2017/18 draft budget.

1.3 Operating Revenue Framework

For Mamusa Local to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality.

The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices

have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NW393 Mamusa - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	7 593	12 868	–	–	–	–	–	12 775	13 528	14 313
Service charges - electricity revenue	2	24 124	–	–	–	–	–	–	33 985	35 990	38 077
Service charges - water revenue	2	8 489	–	–	–	–	–	–	8 571	9 077	9 603
Service charges - sanitation revenue	2	9 214	–	–	–	–	–	–	7 197	5 902	6 244
Service charges - refuse revenue	2	5 583	–	–	–	–	–	–	7 717	8 172	8 646
Service charges - other		–	–						–		
Rental of facilities and equipment		380	1 018						753	798	844
Interest earned - external investments		232	150						5	5	6
Interest earned - outstanding debtors		12 893	14 106						15 954	16 895	17 875
Dividends received		–	–						–	–	–
Fines, penalties and forfeits		42	301						373	395	418
Licences and permits		2 264	2 712						2 605	2 759	2 919
Agency services		–	–						–	–	–
Transfers and subsidies		39 805	53 672						47 542	50 347	53 267
Other revenue	2	3 495	775	–	–	–	–	–	1 352	1 431	1 514
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		114 113	85 601	–	–	–	–	–	138 827	145 298	153 726

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 50% of the total revenue mix.

Property rates

Non exchange revenue is R12.8 million which is slight increase from 2016/17 financial year.

Electricity

Electricity revenue is R34 million.

Water and Sanitation

The revenue form water and sanitation is estimated to be R8.6 million and R7.2 million respectively.

Licences and permits

Budgeted revenue from issuing Licences and permits is R2.6 million.

Transfers Recognised

Revenue from operating grants is standing at R47.5 million. Grants from the District Municipality are not included in this amount.

Rental of facilities

The budgeted amount is R753 thousand.

Total Revenue

The budgeted revenue is R139 million. And it's more realistic as it is informed by current actual performance.

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of ***no project plan no budget***. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 3 Summary of operating expenditure by standard classification item

NW393 Mamusa - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type											
Employee related costs	2	43 469	42 990	-	-	-	-	-	51 987	55 054	58 247
Remuneration of councillors		5 022							5 875	6 222	6 583
Debt impairment	3										
Depreciation & asset impairment	2	10 943	26 595	-	-	-	-	-	26 816	28 398	30 045
Finance charges		290							2 000	2 118	2 241
Bulk purchases	2	21 609	23 093	-	-	-	-	-	27 472	29 093	30 780
Other materials	8	5 179							6 185	6 550	6 930
Contracted services		5 436	6 933	-	-	-	-	-	20 506	21 716	22 976
Transfers and subsidies		-	-	-	-	-	-	-	8 005	-	-
Other expenditure	4, 5	46 080	9 763	-	-	-	-	-	10 441	11 057	11 698
Loss on disposal of PPE											
Total Expenditure		138 028	109 373	-	-	-	-	-	159 287	160 208	169 500

Employee related costs

The budgeted allocation for employee related costs for the 2017/18 financial year totals R52 million, which equals 33 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2017/18 financial year. An annual increase of average plus 1 per cent has been included in the two outer years of the MTREF.

Cost savings in this item will come from revised Travel and Subsistence policy, curtailed overtimes, and vehicle allowances.

Remuneration of councillors

The budget stands at R5.8 million. The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

Repairs and maintenance

In line with the Municipality's repairs and maintenance, expenditure has not been prioritized to ensure sustainability of the Municipality's infrastructure. For 2017/18 the appropriation budgeted expenditure is R6 million and the reason why the growth is not significant is that maintenance plan is not developed in accordance with the ageing infrastructure. There is no asset management plan in place.

Depreciation

Budgeted amount is R27 million and depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Bulk purchases

The budgeted amount is R27.4 million. And these Bulk purchases are directly informed by the purchase of electricity from Eskom and water license. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

Contracted services

Contracted services has a budgeted amount of R20.5 million. Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced.

Other expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. And it has a budgeted amount of R10.4 million.

Total expenditure

The total expenditure amounts to R159.3 million.

1.5 Capital expenditure

The budgeted capital expenditure is R15.8 million and it is fully grant funded.

Table 4 Budgeted Capital Expenditure by Vote, Functional Classification, and funding

NW393 Mamusa - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure - to be approved	2										
Capital single-year expenditure sub-total		13 905	-	-	-	-	-	-	15 897	16 572	17 285
Total Capital Expenditure - Vote		13 905	-	-	-	-	-	-	15 897	16 572	17 285
Capital Expenditure - Functional											
Governance and administration		1 052	-	-	-	-	-	-	-	-	-
Executive and council											
Finance and administration		1 052									
Internal audit											
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		12 853	-	-	-	-	-	-	15 897	16 572	17 285
Planning and development		12 853							15 897	16 572	17 285
Road transport											
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	13 905	-	-	-	-	-	-	15 897	16 572	17 285
Funded by:											
National Government		12 853							15 897	16 572	17 285
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	12 853	-	-	-	-	-	-	15 897	16 572	17 285
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		1 052									
Total Capital Funding	7	13 905	-	-	-	-	-	-	15 897	16 572	17 285

Funding sources for Capex

All 4 budgeted capital projects will be funded by MIG. Currently the municipality is unable to contribute towards capital funding either through borrowings or internally generated funds.

1.6 Cash Flow Statement

The cash flow below indicates a net decrease of R9.2 million which is insufficient to cover our creditors. Mainly Eskom is the contributor to such a huge creditor's book. Council should note that the salary projections are for the current staff, if we to include other possible appointments the cash flow projections will further have a net decrease.

Table 5 Budgeted Cash Flows

NW393 Mamusa - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		6 760							8 176	8 658	9 160
Service charges		29 506							35 847	37 962	40 164
Other revenue		3 527							5 083	5 383	5 695
Government - operating	1	38 574							47 542	50 347	53 267
Government - capital	1	22 496							15 897	16 572	17 285
Interest		232							2 877	3 046	3 223
Dividends		-							-	-	-
Payments											
Suppliers and employees		(119 025)							(107 585)	(113 932)	(120 540)
Finance charges		(269)							(1 200)	(1 271)	(1 345)
Transfers and Grants	1	-							-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(18 199)	-	-	-	-	-	-	6 637	6 765	6 909
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			-						-	-	-
Decrease (Increase) in non-current debtors			-						-	-	-
Decrease (increase) other non-current receivables			-						-	-	-
Decrease (increase) in non-current investments			-						-	-	-
Payments											
Capital assets			-						(15 897)	(16 572)	(17 285)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(15 897)	(16 572)	(17 285)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(18 199)	-	-	-	-	-	-	(9 260)	(9 807)	(10 376)
Cash/cash equivalents at the year begin:	2	3 742							-	(9 260)	(19 067)
Cash/cash equivalents at the year end:	2	(14 457)							(9 260)	(19 067)	(29 443)

1.7 RECOMMENDATION

Recommend that:

- That Council note the Operating and Capital Budget for MTREF 2017/18; 2018/19 and 2019/20 Financial Years.

Annexure A: NT A Schedules

- a) A1- Budget summary
- b) A2 – Budgeted Financial Performance (revenue and expenditure by standard Classification)
- c) A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote).
- d) A4 – Budgeted Financial Performance (revenue by source and expenditure by type
- e) A5 Multi -year and single –year capital appropriations by municipal vote and standard classification and associated funding by source.
- f) A6- Budgeted Financial Position (Assets and Liabilities)
- g) A7- Budgeted Cash Flow (Operating activities and Financing activities)
- h) A8- Cash backed reserves
- i) A9- Asset Management

Supporting Tables

- I. SA1 - Budgeted Financial Performance
- II. SA2 - Budgeted Financial Performance (Revenue Source/Expenditure type and dept.)
- III. SA4, SA5, SA6 – Recon IDP
- IV. SA18 – Transfer and Grants
- V. SA22 – Council and Staff benefits
- VI. SA36 – Detail Capital Budget

a) A1 - Budget Summary

NW393 Mamusa - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	7 593	12 868	-	-	-	-	-	12 775	13 528	14 313
Service charges	47 410	-	-	-	-	-	-	57 469	59 140	62 570
Investment revenue	232	150	-	-	-	-	-	5	5	6
Transfers recognised - operational	39 805	53 672	-	-	-	-	-	47 542	50 347	53 267
Other own revenue	19 074	18 911	-	-	-	-	-	21 036	22 278	23 570
Total Revenue (excluding capital transfers and contributions)	114 113	85 601	-	-	-	-	-	138 827	145 298	153 726
Employee costs	43 469	42 990	-	-	-	-	-	51 987	55 054	58 247
Remuneration of councillors	5 022	-	-	-	-	-	-	5 875	6 222	6 583
Depreciation & asset impairment	10 943	26 595	-	-	-	-	-	26 816	28 398	30 045
Finance charges	290	-	-	-	-	-	-	2 000	2 118	2 241
Materials and bulk purchases	26 789	23 093	-	-	-	-	-	33 657	35 643	37 710
Transfers and grants	-	-	-	-	-	-	-	8 005	-	-
Other expenditure	51 516	16 695	-	-	-	-	-	30 947	32 773	34 674
Total Expenditure	138 028	109 373	-	-	-	-	-	159 287	160 208	169 500
Surplus/(Deficit)	(23 915)	(23 773)	-	-	-	-	-	(20 460)	(14 909)	(15 774)
Transfers and subsidies - capital (monetary allocation)	13 446	23 149	-	-	-	-	-	15 897	16 572	17 285
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	26 642	28 214	29 850
Surplus/(Deficit) after capital transfers & contributions	(10 469)	(624)	-	-	-	-	-	22 079	29 876	31 361
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(10 469)	(624)	-	-	-	-	-	22 079	29 876	31 361
Capital expenditure & funds sources										
Capital expenditure	13 905	-	-	-	-	-	-	15 897	16 572	17 285
Transfers recognised - capital	12 853	-	-	-	-	-	-	15 897	16 572	17 285
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1 052	-	-	-	-	-	-	-	-	-
Total sources of capital funds	13 905	-	-	-	-	-	-	15 897	16 572	17 285
Financial position										
Total current assets	32 089	18 839	-	-	-	-	-	121 798	128 984	136 465
Total non current assets	254 113	356 807	-	-	-	-	-	429 196	454 519	480 881
Total current liabilities	80 469	17 168	-	-	-	-	-	51 613	54 659	57 829
Total non current liabilities	20 906	10 152	-	-	-	-	-	95 833	101 487	107 373
Community wealth/Equity	184 828	-	-	-	-	-	-	403 548	427 357	452 144
Cash flows										
Net cash from (used) operating	(18 199)	-	-	-	-	-	-	6 637	6 765	6 909
Net cash from (used) investing	-	-	-	-	-	-	-	(15 897)	(16 572)	(17 285)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(14 457)	-	-	-	-	-	-	(9 260)	(19 067)	(29 443)
Cash backing/surplus reconciliation										
Cash and investments available	118	384	-	-	-	-	-	-	-	-
Application of cash and investments	52 219	15 741	-	-	-	-	-	17 917	18 975	20 075
Balance - surplus (shortfall)	(52 101)	(15 357)	-	-	-	-	-	(17 917)	(18 975)	(20 075)
Asset management										
Asset register summary (WDV)	232 945	-	-	-	-	-	399 788	399 788	423 376	447 961
Depreciation	10 943	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	5 179	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5 179	-	-	-	-	-	6 185	6 185	6 550	6 930
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	9 173	9 173	11 434	12 097

b) A4 – Budgeted Financial Performance (revenue by source and expenditure by type

NW393 Mamusa - Table A4 Budgeted Financial Performance (revenue and expenditure)

Wrocs manuf - Table A4 Budgeted, actual and expenditure											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	7 593	12 868	-	-	-	-	-	12 775	13 528	14 313
Service charges - electricity revenue	2	24 124	-	-	-	-	-	-	33 985	35 990	38 077
Service charges - water revenue	2	8 489	-	-	-	-	-	-	8 571	9 077	9 603
Service charges - sanitation revenue	2	9 214	-	-	-	-	-	-	7 197	5 902	6 244
Service charges - refuse revenue	2	5 583	-	-	-	-	-	-	7 717	8 172	8 646
Service charges - other		-	-						-		
Rental of facilities and equipment		380	1 018						753	798	844
Interest earned - external investments		232	150						5	5	6
Interest earned - outstanding debtors		12 893	14 106						15 954	16 895	17 875
Dividends received		-	-						-	-	-
Fines, penalties and forfeits		42	301						373	395	418
Licences and permits		2 264	2 712						2 605	2 759	2 919
Agency services		-	-						-	-	-
Transfers and subsidies		39 805	53 672						47 542	50 347	53 267
Other revenue	2	3 495	775	-	-	-	-	-	1 352	1 431	1 514
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		114 113	85 601	-	-	-	-	-	138 827	145 298	153 726
Expenditure By Type											
Employee related costs	2	43 469	42 990	-	-	-	-	-	51 987	55 054	58 247
Remuneration of councillors		5 022							5 875	6 222	6 583
Debt impairment	3										
Depreciation & asset impairment	2	10 943	26 595	-	-	-	-	-	26 816	28 398	30 045
Finance charges		290							2 000	2 118	2 241
Bulk purchases	2	21 609	23 093	-	-	-	-	-	27 472	29 093	30 780
Other materials	8	5 179							6 185	6 550	6 930
Contracted services		5 436	6 933	-	-	-	-	-	20 506	21 716	22 976
Transfers and subsidies		-	-	-	-	-	-	-	8 005	-	-
Other expenditure	4, 5	46 080	9 763	-	-	-	-	-	10 441	11 057	11 698
Loss on disposal of PPE											
Total Expenditure		138 028	109 373	-	-	-	-	-	159 287	160 208	169 500
Surplus/(Deficit)		(23 915)	(23 773)	-	-	-	-	-	(20 460)	(14 909)	(15 774)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		13 446	23 149						15 897	16 572	17 285
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)									26 642	28 214	29 850
Surplus/(Deficit) after capital transfers & contributions		(10 469)	(624)	-	-	-	-	-	22 079	29 876	31 361

- c) A5 Multi -year and single –year capital appropriations by municipal vote and standard classification and associated funding by source.

NW393 Mamusa - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be approved	2										
Capital single-year expenditure sub-total		13 905	-	-	-	-	-	-	15 897	16 572	17 285
Total Capital Expenditure - Vote		13 905	-	-	-	-	-	-	15 897	16 572	17 285
Capital Expenditure - Functional											
Governance and administration		1 052	-	-	-	-	-	-	-	-	-
Executive and council											
Finance and administration		1 052									
Internal audit											
Community and public safety		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		12 853	-	-	-	-	-	-	15 897	16 572	17 285
Planning and development		12 853							15 897	16 572	17 285
Road transport											
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	13 905	-	-	-	-	-	-	15 897	16 572	17 285
Funded by:											
National Government		12 853							15 897	16 572	17 285
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	12 853	-	-	-	-	-	-	15 897	16 572	17 285
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		1 052									
Total Capital Funding	7	13 905	-	-	-	-	-	-	15 897	16 572	17 285

d) A6- Budgeted Financial Position (Assets and Liabilities)

NW393 Mamusa - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		3 742	384						-		
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	26 946	18 455	-	-	-	-	-	-	-	-
Other debtors		-							-		
Current portion of long-term receivables									63 399	67 139	71 033
Inventory	2	1 401							58 399	61 845	65 432
Total current assets		32 089	18 839	-	-	-	-	-	121 798	128 984	136 465
Non current assets											
Long-term receivables											
Investments											
Investment property		20 741							27 911	29 557	31 272
Investment in Associate											
Property, plant and equipment	3	232 945	356 807	-	-	-	-	-	399 789	423 376	447 932
Agricultural		-									
Biological		-									
Intangible		428							1 497	1 585	1 677
Other non-current assets		-									
Total non current assets		254 113	356 807	-	-	-	-	-	429 196	454 519	480 881
TOTAL ASSETS		286 203	375 646	-	-	-	-	-	550 994	583 503	617 346
LIABILITIES											
Current liabilities											
Bank overdraft	1	3 624							-		
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		769							914	968	1 024
Trade and other payables	4	69 523	17 168	-	-	-	-	-	44 311	46 926	49 647
Provisions		6 553							6 388	6 765	7 157
Total current liabilities		80 469	17 168	-	-	-	-	-	51 613	54 659	57 829
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	84 182	89 149	94 319
Provisions		20 906	10 152	-	-	-	-	-	11 651	12 338	13 054
Total non current liabilities		20 906	10 152	-	-	-	-	-	95 833	101 487	107 373
TOTAL LIABILITIES		101 375	27 320	-	-	-	-	-	147 446	156 146	165 202
NET ASSETS	5	184 828	348 326	-	-	-	-	-	403 548	427 357	452 144
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		184 828							403 548	427 357	452 144
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	184 828	-	-	-	-	-	-	403 548	427 357	452 144

e) A7- Budgeted Cash Flow (Operating activities and Financing activities)

NW393 Mamusa - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		6 760							8 176	8 658	9 160
Service charges		29 506							35 847	37 962	40 164
Other revenue		3 527							5 083	5 383	5 695
Government - operating	1	38 574							47 542	50 347	53 267
Government - capital	1	22 496							15 897	16 572	17 285
Interest		232							2 877	3 046	3 223
Dividends		-							-	-	-
Payments											
Suppliers and employees		(119 025)							(107 585)	(113 932)	(120 540)
Finance charges		(269)							(1 200)	(1 271)	(1 345)
Transfers and Grants	1	-							-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(18 199)	-	-	-	-	-	-	6 637	6 765	6 909
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			-						-	-	-
Decrease (Increase) in non-current debtors			-						-	-	-
Decrease (increase) other non-current receivables			-						-	-	-
Decrease (increase) in non-current investments			-						-	-	-
Payments											
Capital assets			-						(15 897)	(16 572)	(17 285)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	(15 897)	(16 572)	(17 285)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(18 199)	-	-	-	-	-	-	(9 260)	(9 807)	(10 376)
Cash/cash equivalents at the year begin:	2	3 742							-	(9 260)	(19 067)
Cash/cash equivalents at the year end:	2	(14 457)	-	-	-	-	-	-	(9 260)	(19 067)	(29 443)

f) A8- Cash backed reserves

NW393 Mamusa - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(14 457)	--	--	--	--	--	--	(9 260)	(19 067)	(29 443)
Other current investments > 90 days		14 575	384	--	--	--	--	--	9 260	19 067	29 443
Non current assets - Investments	1	--	--	--	--	--	--	--	--	--	--
Cash and investments available:		118	384	--	--	--	--	--	--	--	--
Application of cash and investments											
Unspent conditional transfers		9 636	6 932	--	--	--	--	--	--	--	--
Unspent borrowing		--	--	--	--	--	--	--	--	--	--
Statutory requirements	2										
Other working capital requirements	3	42 583	8 808	--	--	--	--	--	17 917	18 975	20 075
Other provisions											
Long term investments committed	4	--	--	--	--	--	--	--	--	--	--
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		52 219	15 741	--	--	--	--	--	17 917	18 975	20 075
Surplus(shortfall)		(52 101)	(15 357)	--	--	--	--	--	(17 917)	(18 975)	(20 075)

g) A9- Asset Management

NW393 Mamusa - Table A9 Asset Management

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE											
<u>Total New Assets</u>	1		13 905	–	–	–	–	–	15 897	16 572	17 285
Roads Infrastructure			12 853	–	–	–	–	–	15 897	16 572	17 285
Infrastructure			13 210	–	–	–	–	–	15 897	16 572	17 285
<u>Total Capital Expenditure</u>	4										
Roads Infrastructure			19 166	–	–	–	–	–	15 897	16 572	17 285
Infrastructure			22 605	–	–	–	–	–	15 897	16 572	17 285
TOTAL CAPITAL EXPENDITURE - Asset class			26 454	–	–	–	–	–	15 897	16 572	17 285
ASSET REGISTER SUMMARY - PPE (M)			5								
Roads Infrastructure			123 398						203 925	215 956	228 482
Storm water Infrastructure									34 807	36 861	38 999
Electrical Infrastructure									15 263	16 164	17 102
Infrastructure			123 755	–	–	–	–	–	253 995	268 981	284 582
Community Facilities			23 975						32 948	34 892	36 915
Sport and Recreation Facilities									10 986	11 634	12 309
Community Assets			23 975	–	–	–	–	–	43 934	46 526	49 224
Operational Buildings			85 215						12 694	13 443	14 237
Housing									15 702	16 628	17 609
Other Assets			85 215	–	–	–	–	–	28 396	30 072	31 846
Biological or Cultivated Assets											
Servitudes									69 591	73 697	77 971
Licences and Rights											
Intangible Assets			–	–	–	–	–	–	69 591	73 697	77 971
Computer Equipment									1 061	1 124	1 189
Furniture and Office Equipment									527	558	590
Machinery and Equipment									–	–	–
Transport Assets									2 283	2 418	2 558
Libraries										–	–
Zoo's, Marine and Non-biological Animals										–	–
TOTAL ASSET REGISTER SUMMARY -			5	232 945	–	–	–	–	399 788	423 376	447 961
EXPENDITURE OTHER ITEMS											
<u>Depreciation</u>	7		10 943	–	–	–	–	–	–	–	–
<u>Repairs and Maintenance by Asset Class</u>	3		5 179	–	–	–	–	–	6 185	6 550	6 930
Roads Infrastructure			–	–	–	–	–	–	650	688	728
Storm water Infrastructure			–	–	–	–	–	–	–	–	–
Electrical Infrastructure			1 415	–	–	–	–	–	750	794	840
Water Supply Infrastructure			1 141	–	–	–	–	–	1 150	1 218	1 288
Sanitation Infrastructure			526	–	–	–	–	–	900	953	1 008
Solid Waste Infrastructure			–	–	–	–	–	–	300	318	336
Infrastructure			3 082	–	–	–	–	–	3 750	3 971	4 202
Community Facilities			–	–	–	–	–	–	275	291	308
Sport and Recreation Facilities			–	–	–	–	–	–	50	53	56
Community Assets			–	–	–	–	–	–	325	344	364
Revenue Generating			–	–	–	–	–	–	50	53	56
Non-revenue Generating			–	–	–	–	–	–	–	–	–
Investment properties			–	–	–	–	–	–	50	53	56
Operational Buildings			1 563	–	–	–	–	–	500	530	560
Housing			534	–	–	–	–	–	–	–	–
Other Assets			2 097	–	–	–	–	–	500	530	560
Computer Equipment			–	–	–	–	–	–	10	11	11
Furniture and Office Equipment			–	–	–	–	–	–	–	–	–
Machinery and Equipment			–	–	–	–	–	–	50	53	56
Transport Assets			–	–	–	–	–	–	1 500	1 589	1 681
TOTAL EXPENDITURE OTHER ITEMS				16 121	–	–	–	–	6 185	6 550	6 930

Supporting Tables

- i. SA1 - Budgeted Financial Performance

NW393 Mamusa - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		7 593	12 868						12 775	13 528	14 313
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)											
Net Property Rates		7 593	12 868	–	–	–	–	–	12 775	13 528	14 313
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		24 124							36 837	39 010	41 273
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–	–	2 852	3 020	3 195
Net Service charges - electricity revenue		24 124	–	–	–	–	–	–	33 985	35 990	38 077
Service charges - water revenue	6										
Total Service charges - water revenue		8 489							11 186	11 846	12 533
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	2 615	2 770	2 930
Net Service charges - water revenue		8 489	–	–	–	–	–	–	8 571	9 077	9 603
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		9 214							9 024	9 556	10 110
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–	–	1 827	3 654	3 866
Net Service charges - sanitation revenue		9 214	–	–	–	–	–	–	7 197	5 902	6 244
Service charges - refuse revenue	6										
Total refuse removal revenue		5 583							9 595	10 162	10 751
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–	–	1 879	1 990	2 105
Net Service charges - refuse revenue		5 583	–	–	–	–	–	–	7 717	8 172	8 646
Other Revenue by source											
Commission on auctions		–	–						36	38	41
Private Works : Electricity		–	–						48	51	54
Clearance Certificates		50	43						20	22	23
Cemetery Fees		3	3						293	310	328
Gates takings		240	259						180	191	202
Plan fees		–	230						87	93	98
Bid Documents		2 726							105	111	117
Insurance claim		53							420	444	470
Connection Fees		53	78						72	76	80
Re-Connection Fees		302	83						91	96	102
	3	3	–								
	3	66	80								
Total 'Other' Revenue	1	3 495	775	–	–	–	–	–	1 352	1 431	1 514
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	20 993	23 847						28 869	30 572	32 345
Pension and UIF Contributions		259	4 023						5 635	5 968	6 314
Medical Aid Contributions		2 797	4 560						4 197	4 445	4 702
Overtime		3 596	4 098						1 281	1 356	1 435
Performance Bonus		–	–						–	–	–
Motor Vehicle Allowance		2 511	3 353						5 597	5 927	6 271
March 2017		–	228						470	498	527
Housing Allowances		1 225	910						674	714	755
Other benefits and allowances		11 785	946						5 264	5 575	5 898
Payments in lieu of leave		–	–						–	–	–
Long service awards		303	1 025						–	–	–
Post-retirement benefit obligations	4	–	–						–	–	–
Sub-total	5	43 469	42 990	–	–	–	–	–	51 987	55 054	58 247

ii. SA22 – Council and Staff benefits

